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SUBJECT: CONSULTATIVE GROUP PLEDGES \$5.7 BILLION FOR DRC

1. Summary. The Paris Club Consultative Group met in Kinshasa November 11-12 to review the DRC's economic transition and recovery program (Minimum Partnership Program for Transition and Recovery - MPPTR), and to pledge support for the country's development needs over the next 3-4 years. Of a total of \$6.9 billion requested by the GDRC, donors pledged \$5.7 billion. With an additional \$1 billion already invested in current projects, World Bank sources indicate that almost all of the GDRC's MPPTR needs will be funded. End summary.

2. The GDRC, after consultation with the World Bank and the IMF, formally presented a \$6.9 billion program for economic development over the next 3-4 years. It asked donors in the Consultative Group to fund 16 key areas: macroeconomic management (\$1.24 billion); transport (\$919 million); health (\$651 million); water (\$621 million); education (\$620 million); energy (\$598 million); urban development (\$409 million); Disarmament, Demobilization, Reintegration and Security Sector Reform (\$325 million); elections (\$285 million); agriculture (\$258 million); productive sectors (\$255 million); HIV/AIDS (\$250 million); governance (\$181 million); social and humanitarian (\$170 million); environment (\$50 million); and scientific research (\$37 million). The government said it intends to supplement all international assistance received with a 10% contribution of its own.

3. Opening the meeting on November 11, President Kabila asked donors to "take into account the government's efforts" on the macroeconomic front, highlighting achievements in reducing inflation, increasing GDP growth, and stabilizing the monetary exchange rate. The President made a plea for donor pledges to be translated into rapid disbursements so that the government can get on with its program of rebuilding infrastructure and revamping the economy.

4. Kabila's positive message on the economy was reinforced by a generally upbeat assessment from an IMF mission in Kinshasa at the same time (septel). Donors responded favorably, and the level of pledges was surprisingly high. As Emmanuel Mbi, outgoing Director of Operations for Central Africa at the World Bank, subsequently pointed out, it is very unusual to see such a large-scale program to be fully funded at a donor's meeting.

5. The GDRC was likewise satisfied with the outcome. Minister of Plan Alexis Thambwe said the government was "very pleasantly surprised by our partners" who had clearly signaled they "believe in our country." The one sour note came from Finance Minister Andre Philippe Futa who complained that donors were only funneling 40% of their assistance directly through the GDRC.

6. USAID/DRC Mission Director provided opening and pledging statements. He highlighted USG commitment to support a successful transition in the DRC and the achievements made by the DRC over the past several years. He noted, however, that positive achievements are tempered by continued political instability and conflict. He reported the USG provided more than \$110 million to support development and humanitarian assistance programs in the DRC in FY04. The USG plans to continue its important development activities in the areas of health, civil society building, human rights, gender violence, conflict resolution, agriculture and livelihoods promotion, basic education, environment and the reintegration of ex-combatants. The USG will also continue to support humanitarian efforts, particularly in eastern DRC.

7. Comment: The Consultative Group meeting has to be seen as a success by the GDRC. While donors reiterated ongoing concerns about important aspects of the GDRC's economic performance and management, their pledges are a clear indication of strong support for the Transition and for the efforts made thus far to rebuild a war-ravaged economy. End summary.

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